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Supreme Court of the United States

OCTOBER TERM, 1956.

No. 383

PREPO CORPORATION,

Petitioner,

vs.

PRESSURE CAN CORPORATION AND WILLIAM B. HINN,

AND

KNAPP-MONARCH COMPANY,

Respondents.

BRIEF FOR RESPONDENTS OPPOSING PETITION FOR WRIT OF CERTIORARI.

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THE BUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Respondents, Pressure Can Corporation and William B. Hinn, and Knapp-Monarch Company, submit this brief in opposition to the Petition for the Writ of Certiorari.

Respondents assert that the petition presents no ground which justifies the writ.

QUESTION PRESENTED.

Petitioner sets forth four questions upon which review is sought and which, in effect, can be simply summed up as follows:

When a motion for summary judgment is brought on a narrow issue of law involving only one of a number of pleaded defenses, does denial of the motion preclude the defendant from trial thereafter of the other properly pleaded defenses?

Respondents aver that the answer to this question is clearly "No".

SUMMARY STATEMENT OF THE CASE.

Petitioner, owner of Falligant patent No. 2,683,484, brought suit against respondent, Pressure Can Corporation, for alleged infringement of the patent and unfair competition, later joining Pressure Can Corporation's president, William B. Hinn, as a defendant. Knapp-Monarch Company subsequently intervened only as to the cause of action involving the patent.

Petitioner's amended complaint, upon which the cause came to issue, alleged validity and infringement of the Falligant patent. In their Answers, respondents denied validity and infringement and set forth a number of grounds of invalidity. A substantial number of prior art patents were affirmatively pleaded by respondents.

Respondent, Knapp-Monarch, filed a Motion for Summary Judgment predicated on only one of the grounds of invalidity pleaded. In accordance with customary procedure, the other pleaded defenses were conceded to be absent only for the purpose of the Motion.

Thus, during oral argument in support of the Motion for Summary Judgment, counsel for Knapp-Monarch stated (R. 165):

> "Mr. Lettvin: Your Honor, for the purpose of the motion as in any motion for summary judgment, those elements which are not pleaded in the motion for summary judgment, must be taken as admitted to be true. And, therefore, we start with the fact—
>
> "The Court: Do you contend there is no genuine issue of fact?
>
> "Mr. Lettvin: There is no genuine issue of fact with respect to validity.
>
> "The Court: Then you admit infringement.

"Mr. Lettvin: For the purpose of this motion, yes, sir.

"The Court: Yes.

"Mr. Lettvin: For the purpose of this motion.

"The Court: All right.

"Mr. Lettvin: But we deny infringement if we have to go to trial. And we think we can prove that."

Upon denial of the Motion for Summary Judgment, counsel for Knapp-Monarch reminded the Court (R. 187):

"Mr. Lettvin: This is not the only defense that defendant has submitted. We contend that the patent is invalid in view of prior art."

Manifestly, pleaded defenses not involved in the Motion were clearly preserved for trial in the event the Motion for Summary Judgment was denied.

The District Court denied respondent Knapp-Monarch's Motion for Summary Judgment and, without any motion by petitioner and on the Court's own motion, rendered summary judgment against respondents, finding the Falligant patent valid and infringed, and in addition awarded an immediate injunction, triple damages and attorney's fees, all without benefit of trial on the issues raised by the pleadings.

Upon respondent's appeal from the Judgment of the District Court, the Court of Appeals held that the District Court erred in denying respondents the benefit of trial in the absence of any evidence or stipulation waiving or otherwise disposing of the other defenses preserved by the Answers of respondents, and remanded the case for trial of the pleaded issues in accordance with its Opinion. (App. A of Petition, p. 1a.)

ARGUMENT FOR DENYING THE PETITION FOR WRIT OF CERTIORARI.

The issue in the present case is narrow and uncomplicated. Further, it is one upon which the governing law has been repeatedly and unequivocally expressed by the courts. Consequently, there can be no valid grounds which would warrant review of the present case by this Court on certiorari.

I.

The Decision of the Court of Appeals Is Clearly Correct.

To reverse the Court of Appeals' decision would: (1) deny the Defendants any right to a trial of contested pleaded issues, the evidence respecting which has never been submitted to the District Court; and (2) in effect, attach the imprimatur of this Court to a summary decision of a District Court in which a patent was found to be valid without the benefit of a trial.

The public, as well as respondents, is entitled to a full inquiry as to the validity of the patent in suit, and hence the proceeding to trial respecting that issue can hardly be challenged by petitioner. As this Court has observed in *Sinclair & Carroll Co.* v. *Interchemical Corp.* (Sup. Ct.—1945), 325 U. S. 327, at page 330, the question of validity of a patent is of great public importance. This Court further stated in that case that the lower court "• • • followed what will usually be the better practice by inquiring fully into the validity of this patent." Accordingly, there does not exist any basis for granting the Petition which has the ultimate purpose of depriving respondents

and the public of the right to a full and open inquiry into the validity of the patent in suit.

Petitioner insists that respondent Knapp-Monarch's admissions in moving for summary judgment upon only one of the pleaded defenses, namely, that the Falligant patent was invalid under the doctrine laid down by this Court in *Muncie Gear Works, Inc.* v. *Outboard Marine & Mfg. Co.* (Sup. Ct.—1942), 315 U. S. 759, constituted a waiver of all of the factual issues raised by the answer, including those issues not involved in the Motion. This position is clearly contrary to the law and contrary to the facts contained in the record.

It is fundamental that a party moving for summary judgment concedes the absence of factual issues only for the purpose of his motion. Thus, when a number of defenses have been pleaded in a lawsuit and the defendant moves for summary judgment upon the narrow ground of only a single one of the pleaded defenses, a court upon denial of defendant's motion may not award judgment to the plaintiff without affording the defendant an opportunity to present its proofs as to the other defenses at issue.

Fountain v. *Filson, et al.* (Sup. Ct.—1949), 336 U. S. 681, 683.

Tripp v. *May, et al.* (C. C. A. 7—1951), 189 F. 2d 198, 200.

Begnaud v. *White* (C. C. A. 6—1948), 170 F. 2d 323, 327.

M. Snower & Company v. *United States* (C. C. A. 7—1944), 140 F. 2d 367, 369.

In support of the allegation that admissions by respondent Knapp-Monarch, in furtherance of its Motion for Summary Judgment, waived all the other properly pleaded defenses, petitioner has quoted (Petition, p. 8) selected

portions of the record. An examination of the entire record clearly shows that the quoted statements of respondent were made either as part of the Motion, in the briefs in support of the Motion, or during oral argument on the Motion.

Petitioner has failed to show any legal reason why respondent should be deprived of the right of trial merely because it filed a Motion for Summary Judgment as to one pleaded defense.

Further, petitioner has failed completely to show any waiver by respondents of their pleaded defenses that the Falligant patent is invalid in view of the prior art. Public importance attaching to the validity of a patent is also of interest. The Court of Appeals has correctly decided that the pleaded issues should not be determined without the benefit of trial.

Petitioner speaks of the "extraordinary burden" which the Court of Appeals has placed upon him in remanding the cause for trial. Obviously, there is no burden greater or more extraordinary than the burden suffered by respondents in being denied the right to trial.

II.

There Is No Conflict of Decision.

There is no unsettled question in this case involving the Rules of Civil Procedure promulgated by this Court. While *M. Snower & Co.* v. *United States*, 7 Cir., 140 F. 2d 367, involved a Motion under Rule 12c, the case of *Begnaud* v. *White*, 6 Cir., 170 F. 2d 323, involved a Motion for Summary Judgment under Rule 56. In its Opinion herein, the Court of Appeals of the Seventh Circuit relied upon both of those cases. The Court of Appeals of the Sixth Circuit, in its decision in *Begnaud* v. *White*, relied upon *M.*

Snower v. *United States.* Thus, both the Sixth and Seventh Circuits have interpreted the Federal Rules in the same manner in situations like the one involved herein. There is no conflict in this area.

The second point asserted by Petitioner involves an alleged conflict between the District Court in this case and the Court of Appeals in this case. This is not the type of conflict which serves as a valid basis for granting a Petition for Writ of Certiorari. The Circuit Court of Appeals has properly corrected the District Court on a question of law, and has remanded the case to the District Court to proceed with the trial of the pleaded issues. There is no Federal question involved under this set of facts.

Petitioner alleges that the decision of the Court of Appeals is in direct conflict with its former decision in *Tripp* v. *May, et al.* (C. C. A. 7—1951), 189 F. 2d 198. However, in comparing *Tripp* v. *May* with the present case, the Court of Appeals stated, "We think the present case is clearly distinguishable." (App. A of Petition, p. 6a) Since the Court of Appeals has distinguished between *Tripp* v. *May* and the present case, there is no conflict. It is further observed that in *Tripp* v. *May* the defendants admitted that their Motion for Summary Judgment involved the only pleaded issue in the case and that there was nothing further to offer at a trial. In the instant case, respondent's Motion for Summary Judgment involved only one of the number of issues raised in the pleadings, which issues were clearly preserved by the Motion.

The last point asserted by Petitioner is an alleged possible conflict of the Circuit Court's decision with this Court's decision in *Fountain* v. *Filson* (Sup. Ct.—1949), 336 U. S. 681. It first is noted that *Fountain* v. *Filson* did not involve the important public question of validity of a

patent, as is here involved. Further, in *Fountain* v. *Filson,* this Court refused to approve of a lower court's deciding, without trial, other than the issue involved in a Motion for Summary Judgment that had been brought by the Defendant. In the instant case, the Court of Appeals has likewise refused to approve a decision of a lower court deciding, without trial, issues not involved in a Motion for Summary Judgment that was brought by respondents. Not only is there no conflict between those two decisions, but in fact they are on all fours with each other.

III.

There Is No Important Question of Federal Law.

After a searching examination of the Petition, respondents have been unable to find any important questions of federal law which require decision by this Court. The decision of the Court of Appeals in remanding this case to the District Court for a trial upon the issues raised in the pleadings was in accord with the principles of due process and with the cases of *Fountain* v. *Filson, et al., M. Snower & Company* v. *United States,* and *Begnaud* v. *White.* A correct decision in a narrow and simple case grounded on well-settled principles of law does not require the further consideration of this Court.

Conclusion.

No ground is presented justifying granting the Petition for the Writ of Certiorari, wherefore said Petition should be denied.

Respectfully submitted,

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REPLY BRIEF FOR PETITIONER

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REPLY BRIEF FOR PETITIONER

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Petitioner points out the following errors in the Brief for Respondents:

I

THE QUESTION

The reframed question on page 2 of Respondents' brief is not the issue.

It is not the denial of the motion for summary judgment that precludes the further trial of the case. The admissions of defendants (Respondents) made both before the motion

and during its consideration and which had nothing to do with the motion, resolved the issues and made it the duty of the court to render judgment in expediting the disposition of the case.

The admissions as to infringement were by depositions, by written stipulation and by counsel in open court long before the bringing of the motion for summary judgment. The admissions as to validity (quoted at page 8 of the Petition) were voluntary and were not necessary for or related to the motion for summary judgment.

A confessed criminal needs no trial. Similarly, a confessed trespasser needs no trial.

II

IT IS NOT "CUSTOMARY" TO CONCEDE PLEADINGS WHICH ARE NOT CHALLENGED BY MOTION

The alleged "customary procedure" of conceding the absence of other pleaded defenses referred to on page 3 of Respondents' Brief is applicable only to motions under Rule 12 (c) and not to motions under Rule 56. Under Rule 56 there is no challenging of the pleadings and no need to concede the truth of the complaint or the absence of any defense.

The quotation from the oral argument beginning on page 3 of Respondents' Brief does not support Respondents' position. There was no qualification or reservation of the issue of validity. As to the attempted reservation of the issue of infringement the court noted later in the same hearing that Respondents had previously stipulated and admitted infringement.

III

RESPONDENTS' BELATED ATTEMPT TO RE-INSERT CONCEDED ISSUES AFTER JUDGMENT

The statement on page 4 of Respondents' Brief to the effect that "Upon denial of the Motion for Summary Judgment" counsel for Respondents reminded the court that there were other defenses, (quoting from R. 187) is misleading. That statement occurred, not "upon denial of the motion," *but after pronouncement of Judgment!*

IV

PUBLIC INTEREST IS WITH THE PATENTEE NOT WITH CONFESSED INFRINGERS

The so called public interest in the validity of a patent, asserted on page 5 of Respondents' Brief, does not prevent the effectiveness of Respondents' admissions. This is a civil action in personam, not an action in rem.

The public interest is that expressed in the Constitution and is to protect the small individual inventor who starts a new business and brings a product to the public market. Certainly such public interest does not support a larger corporation, and admitted infringer, in under pricing a chinese copy of the patentee's product and destroying the market for the patentee. In this instance Petitioner was founded solely upon the patented device as the Constitution declares should be encouraged, and has now been reduced to a penniless state by the ruthless machinations of Respondents who the district court called "vultures" (R. 213, 223).

The district court stated (R. 215):

> "I have never seen a more flagrant or a more bold attempt to steal the property of another man, the patentee, than I have in this case. You read the affidavit of Falligant, and if it doesn't impress you — and I am shedding no crocodile tears for the infringers in this case. They were deliberate — they were brazen — they were bold — they were dishonest. That is the way I feel about this."

The public should have no interest in "vultures" and equity is not for a party who attempts "to steal the property of another man, the patentee . . ."

V

THE ADMISSIONS DID NOT ARISE OUT OF THE MOTION FOR SUMMARY JUDGMENT

The argument on page 6 of Respondents' Brief overlooks the fact that there are no implied admissions arising from a motion for summary judgment, as would be the case under Rule 12(c) where a pleading is challenged by motion, and Petitioner therefor does not rely upon any admissions arising out of the motion for summary judgment, as now contended by Respondents. The admissions here were all deliberate and express, and were not in any sense a result of the motion.

VI

RESPONDENTS' MISLEADING CHARACTERIZATION OF FOUNTAIN v. FILSON

On page 9 of the Respondents' Brief an attempt is made to mislead this Court into believing that its holding in

Fountain v. *Filson* (Sup. Ct.-1949), 336 U. S. 681, refused a district court's right to grant judgment against one bringing a motion for summary judgment. The holding in that case applied only to a court of appeals and this court expressly denied ruling upon the right of a district court to do what it there denied to the court of appeals. See statement and quotation on page 10 of Petition.

CONCLUSION

This case is a shining example of a large corporation harrassing a small inventor and destroying Petitioner's sole business under the patent to such an extent that Petitioner is without adequate funds to carry on (R. 223).

The district court had justice in mind when he termed the Respondents "vultures."

Justice does not always require a trial. No court would insist upon wasting the public's funds and the court's time to try a criminal who has confessed the crime. So, courts should not insist upon wasting the funds of a small inventor and the trial court's time to try civil issues already confessed.

Justice in this case requires that this court now summarily reverse the court of appeals and order that the Judgment of the District Court be affirmed.

Respectfully submitted,

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